

## Message Text

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ACTION NEA-16

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SUBJECT: INDIA-SRI LANKA RELATIONS

REF: NEW DELHI 9953, AUGUST 1973

SUMMARY: THE FOLLOWING IS A SUMMARY OF OUR AIRGRAM ON INDIA-SRI LANKA RELATIONS. OUR CONCLUSION IS THAT ALTHOUGH PROBLEMS REMAIN BECAUSE OF UNRESOLVED MINORITY AND TERRITORIAL ISSUES, RELATIONS ARE IMPORVING AND, AS A RESULT, ANOTHER PORIT OF FRICTION IN THE AREA IS GRADUALLY FADING IN IMPORTANCE. END SUMMARY.

1. INDO-SRI LANKA RELATIONS DETERIORATED IN 1971 BECAUSE OF WHAT INDIA INTERPERTED AS A PRO-PAKISTAN POSITION BY THE GSL AND BECAUSE OF CEYLONENE FEAR THAT INDIA MIGHT SUPPORT A DIVISION OF SRI LANKA AS IT HAD OF PAKISTAN. IN LATE 1972 INDIA WENT TO WORK TO COUNTER THE CEYLONENE FEAR. IT ENCOURAGED A FLURRY OF VISITS BETWEEN OFFICIALS OF THE TWO COUNTRIES, INCLUDING AN EXCHANGE OF VISITS BY THE TWO PRIME MINISTERS.IT TRIED TO PERSUADE SRI  
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LANKA THAT INDIA WANTS TO STRENGTHEN THE EXISTING STATE SYSTEM

IN SOUTH ASIA. AS PROOF OF ITS GOOD INTENTIONS, INDIA NEGOTIATED DIRECTLY WITH SRI LANKA ON THE OUTSTANDING PROBLEMS OF THE "STATELESS" TAMILS IN SRI LANKA AND THE ISLAND OF KACHCHATIVU WHICH THEY BOTH CLAIM. IT ALSO BEGAN TALKING TO SRI LANKA ABOUT HOW IT COULD EXPORT MORE TO INDIA.

2. THE INDIAN EFFORTS SEEM TO HAVE BORNE SOME FRUIT. THERE IS NOW AN END IN SIGHT FOR THE PROBLEM OF THE "STATELESS" TAMILS IN SRI LANKA. ALSO, THE GOI HAS MADE IT CLEAR THAT IT WON'T BOW TO DEMANDS OF THE 40 MILLION INDIAN TAMILS TO ACT AS PROTECTORS OF THEIR ETHNIC BROTHERS WHO WILL REMAIN IN SRI LANKA. NOR WILL THE GOI ALLOW THE GOVERNMENT OF THE INDIAN STATE OF TAMIL NADU TO ACT INDEPENDENTLY OF THE CENTER WITH REGARD TO SRI LANKA.

3. THE PROBLEM OF THE DISPUTED BUT OF ROCK KNOWN AS KACHCHATIVU ISLAND HAS PROVEN LESS TRACTABLE. INDIA WOULD PROBABLY PREFER TO POSTPONE A DECISION ON THE SOVEREIGNTY ISSUE RATHER THAN CONFRONT THE MONOR DOMESTIC POLITICAL COST OF LETTING SRI LANKA HAVE THE ISLAND. BUT INDIA IS APPARENTLY NEGOTIATING MORE SERIOUSLY THAN IT HAS IN THE PAST.

4. ON THE ECONOMIC FRONT, INDIA HAS PROMISED MORE THAN IT HAS DELIVERED. THE PROMISES, HOWEVER, HOLD HOPE FOR A CHANGE IN THE ALMOST MORIBUND ECONOMIC RELATIONSHIP BETWEEN THE TWO COUNTRIES. INDIA SAYS IT WILL HELP ESTABLISH AND GUARANTEE PURCHASE OF THE SURPLUS PRODUCTION OF INDUSTRIES IN SRI LANKA. IT IS ALSO TALKING TO SRI LANKA ( AND OTHER TEA PRODUCERS) ABOUT JOINT MARKETING OF TEA. IT HAS MENTIONED TO THE CEYLONESE INFORMALLY THAT IT SEES THESE ECONOMIC ARRANGEMENTS AS PERHAPS BEING THE FIRST STEP TOWARD FORMATION OF SOME KIND OF SOUTH ASIAN COMMON MARKET.

5. INDIA'S INTEREST IN SRI LANKA DERIVES ULTIMATELY FROM THE ISLAND'S STRATEGIC POSITION AT THE SOUTHERN TIP OF INDIA. IT SEEMS CHINA AS A COMPETITOR IN SRI LANKA. ALTHOUGH NOT IMMEDIATELY CONCERNED ABOUT CHINESE INTENTIONS OR THE LEVEL OF CHINESE INFLUENCE IN SRI LANKA, INDIA FEELS IT CANNOT IGNORE POSSIBLE CHANGES IN CHINESE OR LIMITED OFFICIAL USE

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CEYLONESE POLICIES -- THE LATTER PERHAPS PROMPTED BY INTERNAL POLITICAL CHANGES. INDIA VIEWS SOVIET AND, TO A LESSER EXTENT, US INVOLVEMENT IN SRI LANKA BENIGNLY. IT IS SUSPICIOUS, HOWEVER, OF US INTENTIONS IN THE INDIAN OCEAN IN GENERAL AND, AS A RESULT, OF ANY NAVAL INTERESTS WE MAY HAVE IN SRI LANKA.

6. IN TERMS OF INDO-SRI LANKA RELATIONS, ONLY A SUDDEN TAKE-OVER BID BY STRONGLY PRO-CHINESE ELEMENTS AND A POSSIBLE

INDIAN INTERVENTION MIGHT CREATE A SITUATION LIKELY TO CONCERN  
THE US DIRECTLY. THE INDIAN FOREIGN MINISTRY DOESN'T SEEM TO  
CONSIDER SUCH A TAKEOVER AS A VERY CREDIBLE CONTINGENCY.  
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